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E.O. 12958: N/A

TAGS: AGOA ECON ETRD GB

SUBJECT: AGOA ELIGIBILITY REVIEW - GABON

REF: STATE 163056

Following is an update of the 2005 AGOA review information for Gabon.

Country Background

El Hadj Omar Bongo has been President since 1968. In November 2005, he was re-elected to another seven-year term. The World Bank estimated 2005 GDP per capita at \$5,280; one of sub-Saharan Africa's highest per capita income. The economy is heavily dependent on oil, which accounts for 77 of exports, 45 of GDP and 56 of government revenues. The remainder of Gabon's economic activity is largely devoted to the extraction of other raw materials, namely timber and manganese. In the past year the government liquidated the state airline and made efforts to privatize the telecommunications parastatal. Exceptionally high oil prices in the last year were used in part for debt reduction and should help prevent the accumulation of further significant arrears.

Comments on Eligibility Requirements

11. Market-based Economy:

a. Major Strengths Identified -

- Almost all parastatals have been privatized, including companies in the oil, wood, minerals, water, electricity, and agricultural sectors.
- The GoG's revenue increased, primarily due to high oil prices. It used some of this windfall for additional payments to reduce debt.
- Gabon currently benefits from AGOA almost exclusively through its petroleum exports to the United States.
- The wood products sector is the main industry with potential to take advantage of AGOA in the future.
- The Embassy is currently working with the government on the establishment of an AGOA Resource Center.

b. Major Issues/Problems Identified -

- Since 2001, the government has worked on the privatization of the mail and telephone monopoly. To date, neither has been fully and successfully privatized.
- Gabon's minimal manufacturing capacity makes it unlikely that other sectors will be able to take advantage of AGOA in the near term.
- One US firm had a significant dispute with the GoG concerning

taxes and other issues.

12. Political Reforms/Rule of Law/Anti-Corruption

a. Major Strengths Identified -

- Gabon has a number of opposition political parties.
- In December 2005 the government published its first Extractive Industries Transparency Initiative (EITI) report, which showed oil companies' payments to the GoG and the GoG's declared receipts for 2004.

- In 2004 the GoG established a new anti-corruption authority, the Ministry to Combat Illicit Enrichment, and appointed a ten person commission to report on corruption-related activity.

b. Major Issues/Problems Identified -

- Lack of a level playing field and an absence of transparency marked the November 2005 presidential election.

- World Bank funding for the forestry sector could be at risk due to the GoG's inaction on forestry sector reform.

- Oversight is weak, making it possible for public officials to exploit their positions for personal enrichment.

- In the past poor public financial management contributed to significant arrears in domestic and external debt payments.

- To date, the commission on combating illicit enrichment has not published any reports.

13. Poverty Reduction

a. Major Strengths Identified -

- In December 2005, the government published its Strategy for Growth and Poverty Reduction Paper.

b. Major Issues/Problems Identified -

- Gabon has one of sub-Saharan Africa's highest per capita incomes, but income distribution is extremely skewed and its ranking on human social indicators is well below its GDP ranking.

- Literacy and life expectancy are lower in Gabon than in countries with comparable incomes, although higher than in other (poorer) African countries.

14. Workers' Rights/Child Labor/Human Rights

a. Major Strengths Identified -

- Workers' rights are protected in Gabon by unions affiliated with the ILO (International Labor Organization) and by an official government institution called the Labor Inspection Office, which mediates employer-employee conflicts. If a resolution cannot be found, the case then goes to court.

- The National Social Security Fund (CNSS) manages employees' health plans and retirement pensions.

- The constitution places no restrictions on the right to association and recognizes the right of citizens to form trade and labor unions.

- Virtually the entire private sector workforce is unionized. The labor code provides for collective bargaining by industry, not by firm.

- The GoG enforces child labor laws with respect to Gabonese children and ratified ILO Convention 182 on the worst forms of child labor.

- The GoG's anti-trafficking efforts include a law, arrests, training and awareness workshops.

b. Major Issues/Problems Identified -

- While the GoG enforces child labor laws with regard to Gabonese citizens, it is less successful in enforcement with respect to children from other countries.
- Trafficking in persons continues to be a problem. Children (especially girls) continue to be trafficked into the country, primarily from Benin, Togo and Nigeria, for use as domestic servants or for work in the informal commercial sector.

15. US National Security Concerns / Gross Human Rights Violations -

a. Major Strengths Identified - none

b. Major Issues/Problems Identified - none

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